United States will not I think attempt to take such action without very careful consideration.

In considering this matter, I think you might have before you a list of the ships which are built and are being built in the U.S.A. similar to the one supplied to Caird by the Ministry of Shipping early in June.

There is the prospect of several other difficulties in the future. For example, our retention of the German African Colonies is an anxious point. It would be well to send Smuts here to state our case as otherwise Americans may fail to understand why the retention of these colonies is essential for us."

This telegram was considered by the War Cabinet on 22nd August, 1917. As regards Lord Northcliffe's suggestion of an earnest and vigorous protest from me to President Wilson, Lord Robert Cecil urged that in his opinion it would be unwise to adopt Lord Northcliffe's suggestion, having regard to the pledges given by Mr. Balfour when in America. Moreover, if the United States had decided to take over the ships, a protest might not prove Affective and might only cause irritation and friction. He continued that Mr. Balfour believed that the best chance of persuading the United States Government to allow us to keep the ships was to appeal to their sense of justice and goodwill, as had been done in his letter of the 16th August to the

Views in the War Cabinet

American Ambassador.

The Shipping Controller pointed out the very serious blow to our prospective tonnage programme—amounting to a loss of some 4,000,000 tons carrying capacity a year—if we failed to get delivery of the